DRN-5112474

The complaint

Mr T complains that Lloyds Bank PLC ("Lloyds") failed to deal with a claim he brought under section 75 of the Consumer Credit Act 1974 ("CCA") in a fair way.

What happened

I issued a provisional decision on Mr T's complaint on 21 August 2024, in which I set out the background to, and my provisional findings on, his case. A copy of that provisional decision is appended to and forms a part of this final decision. For that reason, it's not necessary for me to go into the events leading up to the provisional decision in any detail, but in very brief summary:

- Mr T used his Lloyds credit card in November 2021 to purchase a vintage watch made by a luxury manufacturer, from an online watch dealer, "O", for £6,250.

- Mr T reported to O in May 2022 that he'd noticed some damage to the watch dial which he said he thought was a manifestation of an underlying defect. He asked for O to repair or replace the watch, or provide a refund. O did not respond positively to Mr T's communication and no agreement could be reached between them, leading to contact being made with Lloyds for assistance obtaining a refund.

- After quickly discounting "chargeback" as a means of assisting Mr T, Lloyds considered whether he had a valid claim against it under section 75 of the CCA. During the investigation Mr T provided a report into the damage from a watch restorer approved by the manufacturer. Lloyds initially offered Mr T £1,500 in settlement of his claim, on receipt of an invoice for repairs.

- Mr T didn't think this was a fair offer and suggested that he would sell the watch for whatever it was now worth, and Lloyds would then reimburse him the difference between that and what he'd paid for it. Lloyds, on further review, decided that in fact it didn't think it had *any* liability to Mr T under section 75 and that it should decline his claim, leading to a complaint from Mr T.

- The bank, after receiving the complaint, ultimately agreed to stand by the offer it had originally made, of £1,500. There was a phone call between Mr T and a complaints handler at the bank in which he considered he'd been subjected to undue influence and improperly pressured into accepting the offer. This offer was paid by the bank but Mr T retracted his acceptance the following day.

- The complaint was referred to the Financial Ombudsman Service. In the meantime Mr T said he'd sold the watch for £3,100 due to financial necessity. One of our investigators recommended the complaint be upheld and that Mr T should get back the difference between what he'd paid for the watch and what he'd sold it for. So this would mean Lloyds "topping up" their previous offer with £1,650 and paying compensatory interest calculated in an appropriate way. Our investigator also later recommended that Mr T should receive £100 compensation in respect of some customer service failings on Lloyds's part. Lloyds accepted our investigator's

recommendations.

- A dispute arose between our investigator and Mr T over how the complaint should be resolved, the relevant details of which can be found in the provisional decision. It ultimately resulted in the case being passed to me to decide, at which point we did not have any clear explanation from Mr T as to why he disagreed with our investigator's recommendations regarding fair redress for the section 75 claim, or what he was seeking in settlement.

In my provisional decision I made the following key findings:

- Section 75 of the CCA allows consumers a degree of protection when they pay for goods or services using a credit card. So long as certain technical conditions are met, section 75 enables them to claim against their credit card issuer in respect of any breach of contract of misrepresentation by the supplier of the goods or services. I needed to decide whether way in which Lloyds had handled Mr T's claim was fair and reasonable in all the circumstances of the case.

- As a consumer purchasing goods, Mr T would have benefited from the protections afforded by the Consumer Rights Act 2015 ("CRA"), when he bought the watch from O. The CRA caused a term to be implied in the contract of sale that the watch would be "satisfactory quality". What was meant by satisfactory quality was the standard a reasonable person would consider satisfactory, taking into account any description of the goods, the price and "all the other relevant circumstances".

- I thought it was necessary to determine if the watch had a defect of some kind, before going on to consider if that meant it had not been satisfactory quality. The evidence I had to go by was limited to Mr T's concerns as expressed to O, and the opinion of the watch restorer, which seemed to be worded somewhat ambiguously in places. Clarification had been sought from the restorer, but they did not respond to our enquiries. Based on this limited evidence, I thought the following two scenarios were probable:

    - There was a cosmetic defect on the watch dial at the time of purchase, which Mr T didn't notice until five to six months later; or

    - Moisture infiltrated the watch at an unknown point in time, causing a cosmetic defect to appear around five to six months after Mr T purchased the watch.

- For the first scenario I considered that a cosmetic defect on a 35 year old watch which was minor enough not to be noticed for some time, could not be said to render the watch not satisfactory quality, unless it had been described as being in "as new" or perfect condition.

- For the second scenario I considered that I couldn't reasonably conclude the watch had pre-existing moisture ingress when Mr T purchased it. The watch restorer's conclusions had appeared contradictory to me on this point, and there was sufficient doubt in my mind that historic moisture ingress would cause a cosmetic defect to appear five to six months after Mr T bought the watch.

- Ultimately, I concluded the watch was more likely than not to be satisfactory quality as supplied, taking into account all the relevant circumstances. This meant there had been no breach of the implied term under the CRA and no requirement for Lloyds to provide redress in relation to this under section 75 of the CRA.

- I went on to consider whether Mr T's express contract with O gave him any better or alternative contractual rights, and in particular I considered the warranty O gave with the watch. The contract stated there was no manufacturer warranty due to the age of the watches it sold, but that it gave a "mechanical warranty" for 12 months from the date of delivery. This warranty excluded loss, theft, wear and tear, accidental damage or damage caused by water.

- The meaning of "mechanical" had been disputed, and I thought it most sensibly should be taken to mean the mechanisms or moving parts involved in making the watch function. I didn't think it would extend to cosmetic defects except where these were caused by the failure of a mechanism or moving part (and I thought there was no evidence to suggest that was the case). I didn't think Mr T had a valid claim under O's warranty.

- In light of these conclusions, I felt Lloyds's offer to pay £1,500 in settlement of the section 75 claim, and cover some of Mr T's expenses, was fair, as it was in excess of what I thought it should reasonably have had to pay him.

- Regarding the customer service Mr T received from Lloyds, I thought there had been some failings in communication, but the bank had not been responsible for significant delays in my view. When looking at all the circumstances, such as the bank having made a payment it wasn't obliged to in respect of the section 75 claim, I thought the compensation of £100 recommended by our investigator was fair.

- Regarding a particular phone call Mr T had been very unhappy about and in which he said he'd been subject to undue influence by the bank, and pressured into accepting the £1,500 offer, I read the call transcript and did not think the member of staff had acted at all improperly.

I asked for further comments from both parties before I made my decision final. Lloyds responded to say that it accepted the provisional decision.

Mr T provided a lengthy and detailed response which ran to over 90 pages. I mentioned in my provisional decision that, bearing in mind the informal nature of the Financial Ombudsman Service, I had needed to sacrifice some detail when going over the background to the complaint, given at that time, our file ran to more than 1,200 pages. I've needed to apply the same general principle to Mr T's submissions following the provisional decision, which I have condensed and summarised as much as possible. I have omitted parts which I didn't think were relevant to the merits of the complaint about Lloyds, such as criticism of how the provisional decision was written, delays in handling his complaint, and the level of service provided by members of Financial Ombudsman Service staff. I outline Mr T's main arguments relating to the section 75 claim below:

1. He had satisfied the reverse burden of proof provisions set out in the CRA and relevant case law, by evidencing that a defect appeared on the watch within six months of delivery. The seller failed to show that this defect was not present at the point of sale, therefore the conclusion must be that the watch failed to conform to the contract at the point of sale.

2. The defect which appeared on the watch dial meant the watch was not satisfactory quality. Aspects of satisfactory quality according to the CRA included "freedom from minor defects" and "appearance and finish". The aesthetic appearance of such a watch is very important, and it was a luxury item of which a high standard of quality would be expected compared with more entry-level goods. The watch had been described as

being in “excellent” condition and no defects were highlighted by O prior to sale. On a 36mm watch face, even a very small defect could easily be described as significant.

3. There was no visible defect on the watch at the point of delivery, meaning it developed later. Mr T considered it not credible that he wouldn’t have noticed a defect at the point of delivery. It’s reasonable to expect someone who looks at the dial of such an expensive watch frequently after buying it, which Mr T says he did, would be likely to notice any defect. The seller had also denied any defect was present at delivery.

4. It couldn’t be concluded any water ingress had occurred, as not enough investigation had been carried out into what actually caused the defect to manifest. But if water ingress had occurred, this took place prior to delivery of the watch to him. The watch restorer’s report wasn’t enough to say one way or the other, but the fact it had passed waterproof testing indicated any water ingress must have occurred prior to his ownership, which was a short period of time relative to the age of the watch.

5. If it was the case that the watch restorer’s report was of limited evidential value, his (Mr T’s) evidence should be preferred in the absence of any evidence to the contrary.

6. Some alternative scenarios he had hypothesised, were more plausible than those which I’d proposed as being most likely in the provisional decision. Specifically, it was very likely the last entity to have opened the watch was O or O’s agent, who would have needed to inspect it to check authenticity and functioning prior to sale. O or its agent could have carried out dishonest or temporary repair work to conceal an existing defect, or O or its agent could have been negligent or careless when repairing, restoring or inspecting the watch, causing damage.

7. The second hand or 35 year old nature of the watch was not relevant when a defect was latent. The age or second hand nature of goods doesn’t absolve a seller of any obligation to remedy a defect. It was not the ombudsman’s job to determine the origin of any defect.

8. The warranty covered the defect to the dial – the warranty should be interpreted broadly due to its ambiguity, meaning the defect should be included within the definition of “mechanical”. There were multiple interpretations of the word “mechanical”, which could reasonably include parts other than the timekeeping element of the watch, such as the dial, which could suffer from defects due to mechanical causes or material failures. The fact O had added exclusions to the warranty meant it must have had a broad interpretation of “mechanical” in mind. Ultimately the ambiguity within the warranty terms should be resolved in his favour in line with guidance on interpreting ambiguous contract terms.

Regarding the service provided by Lloyds, I could summarise Mr T’s arguments as follows:

1. The bank had not investigated the section 75 claim appropriately. It had failed to carry out appropriate enquiries of the seller and it had led him on a wild goose chase trying to find appropriate entities to report on the watch and have them approved by the bank. This had caused the whole process to be lengthy. The bank had not being doing him a favour by paying some of his expenses, such as a taxi fare. These had been paid because Lloyds accepted there was a defect and the purpose of the report was to establish its origin.

2. Lloyds had been trying to extinguish their liability to him by getting him to accept a settlement, or by accepting our investigator’s recommendations.

3. Lloyds's complaint handler, "PH", had exercised undue influence and had engaged in unconscionable conduct, conduct contrary to the FCA's Consumer Credit Sourcebook ("CONC") and Principles ("PRIN"), and conduct contrary to the Consumer Protection from Unfair Trading Regulations 2008 ("CPUT Regulations"), in pressuring him to accept an unfair settlement to his claim and complaint. PH had been overly focused on getting the complaint resolved quickly after it was reallocated multiple times. She wasn't knowledgeable about the CRA and gave legal advice to him without any qualifications. She or Lloyds were either trying to settle the claim short, knowing they had a greater liability, or had been negligent or incompetent, tricking or misleading him in the process. PH had sent him late night emails which had put pressure on him. PH's behaviour was an example of oppressive behaviour in breach of CONC 2.2.2 (2) and PRIN 2.1 (6), the duty to pay due regard to his interests and treat him fairly.

Mr T set out what he was expecting to resolve his complaint. He considered the £1,500 paid by Lloyds was an unconditional goodwill gesture, so it could not be offset against any award that was now made. Mr T said he wanted £4,950 compensation for his non-financial losses caused by Lloyds's poor claims handling, plus another £4,950 compensation for non-financial losses caused by his call with PH. Additionally, £250 for his cost of printing, stationery etc.; £345.21 in unpaid compensatory interest, plus interest calculated on top of that interest due to the delay; £3,150 plus further compensatory interest, this relating to the remaining amount paid for the watch. Finally, Mr T said he wanted a further £14,348.40 in respect of future losses involved in him having kept the watch as an investment and sold it at the age of 55, and that he wouldn't accept a penny less.

Later, Mr T wrote to the Financial Ombudsman Service with a view to including a claim made under section 56 and 140A of the CCA, within his complaint. This is not something I will be considering as part of this complaint, especially in view of how late in proceedings Mr T has sought to advance a claim on those grounds. Mr T has been advised of this.

The case has been returned to me to decide. During the process of writing this decision, Mr T made further submissions. In these he emphasised certain points which I've summarised below:

- O had unreasonably refused to inspect the watch after Mr T had reported the defect.
- O's evidence was unreliable, and it had sought to portray itself as hard done by in its interactions with Mr T, for example by falsely claiming to have received a threat of legal action from him.
- O had made other public statements of an untrue or exaggerated nature, which tended to damage its credibility as a witness.
- I and the investigator had been far too ready to accept O's evidence, in light of the above.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I thank Mr T for his submissions following my provisional decision. Before continuing, I need to make it clear that my role as an ombudsman is not to address every single point that has been made by the parties to the complaint in their submissions. Rather, it is to decide what is fair and reasonable in the circumstances of the complaint. So, if I do not comment on, or

refer to, something that either party has said, that does not mean I have not considered it. Indeed, I have taken everything that has been said into account.

I have also made my decision on the balance of probabilities – in other words I have based my decision on what I think is more likely than not to have happened, given the available evidence.

Finally, I'm aware from his comments on the provisional decision, that Mr T wants more detail to be included in my final decision, such as analysis of legislation and case law. Mr T is aware of the informal nature of this service, which was set up to resolve financial disputes quickly, with a minimum of formality. Because of this, decisions of ombudsmen are not normally formatted like court judgments, nor do they normally go into the same level of detail. However, this is the arena Mr T has chosen, at present, to pursue his complaint about Lloyds. I will of course give reasons for my decision, but I will not be going into the same level of detail I think Mr T would like and I acknowledge he will be disappointed by this.

The Section 75 claim against Lloyds

To recap from the provisional decision, section 75 of the CCA allows Mr T to claim against Lloyds in respect of any breach of contract or misrepresentation by O in relation to the contract for the sale of the watch. In order to determine whether Lloyds dealt fairly and reasonably with the section 75 claim, I've needed to consider whether Mr T had a relevant claim against O. It's worth reiterating that section 75 is limited only to breaches of contract and misrepresentations.

I focused in my provisional decision on the question of whether or not there had been a breach of contract, because Mr T had not alleged the watch had been misrepresented. And Mr T has not, in my view, advanced any serious arguments in his submissions, following the provisional decision, that the watch was misrepresented. He has, however, referred to the possibility of O having misrepresented the watch because it was aware of, but failed to disclose, a defect to the dial before sale. It doesn't appear Mr T is pursuing this line of argument but, in general, silence will not lead to an actionable claim for misrepresentation. There are of course exceptions, such as where a partially true statement implies something that is not true. However, I cannot see that this would apply here.

On the question of breach of contract, I identified in the provisional decision that contractual terms could be express or implied, and that because Mr T had purchased the watch as a consumer, a relevant piece of legislation which caused terms to be implied into his contract with O, was the Consumer Rights Act 2015 ("CRA"). Mr T has referred to EU Directives and case law relating to those directives, but as he acknowledges, the CRA post-dates these and was intended to consolidate the fragmentary pieces of consumer protection contained within various statutes, regulations and directives. The CRA is the most relevant piece of legislation for the purposes of the claim Mr T has sought to advance. I accept that the case he cites on several occasions in his submissions - *Froukje Faber v Autobedrijf Hazet Ochten BV (C-497/13)* – is relevant to the "reverse burden of proof", which I discuss below.

As outlined in the provisional decision, the CRA causes a term to be implied into Mr T's contract for the purchase of the watch, that the watch would be "satisfactory quality", with satisfactory quality meaning the standard a reasonable person would consider satisfactory, taking into account any description of the goods, the price and "all the other relevant circumstances".

If the watch was not satisfactory quality at the time it was supplied, then it would therefore not conform to the contract and Mr T would be entitled to a package of remedies which are set out later in the CRA. Depending on the circumstances, these include the right to a repair,

replacement, a price reduction, or to reject the goods for a refund.

Mr T correctly points out that there is the following rebuttable presumption within the CRA:

"(14) …goods which do not conform to the contract at any time within the period of six months beginning with the day on which the goods were delivered to the consumer must be taken not to have conformed to it on that day.

(15) Subsection (14) does not apply if—

(a) it is established that the goods did conform to the contract on that day, or

(b) its application is incompatible with the nature of the goods or with how they fail to conform to the contract."

In other words, if something which made the watch not satisfactory quality came to light within six months of it being delivered to Mr T, then it's assumed the watch was not satisfactory quality as delivered, unless shown otherwise or to make such a presumption would be incompatible with the nature of the watch or the problem which has caused it not to be satisfactory quality.

This is the "reverse burden of proof" which has featured heavily in Mr T's submissions. I agree that this rebuttable presumption exists, but there is a hurdle to overcome before the presumption becomes relevant, and that is to show that the goods are not satisfactory quality.[1] In my provisional decision I did not find it necessary to consider the impact of the reverse burden of proof, because I did not consider the watch was not satisfactory quality based on the evidence available to me.

I've found Mr T's submissions relating to the possibility of water ingress to the watch to be persuasive. For example, he points out that the watch restorer said the watch had passed waterproof testing and, absent evidence that he had abused the watch in some way, it does seem unlikely that water could have got into it during his ownership. I think that discounts the second of the two scenarios I advanced in the provisional decision.

Mr T has also strongly disagreed with the other of my two scenarios, which was that the cosmetic defect on the dial of the watch had pre-dated his purchase, but he'd not noticed it until later.

I take Mr T's point that, as the purchaser of a luxury item which had been a special purchase for him, he'd have given it more than just a cursory glance when he received it. However, I remain unconvinced that the cosmetic defect was absent at the point of purchase. No photos of the watch showing the cosmetic defect have ever been provided to the Financial Ombudsman Service by either party to this complaint. The only photos we have seen of the watch were O's promotional photos advertising the watch for sale. As I noted in my provisional decision, I could see some specks of dust and other visual artefacts in these photos which could have been marks of some kind, but I didn't feel I could take very much from them.

What we do have is the comments by the watch restorer, who said to Mr T of the cosmetic defect: *"…you possibly did not notice it when purchasing."* And it doesn't appear to be

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[1] The fact that the goods not being satisfactory quality needs to be evidenced first, is also mentioned in some of the guidance issued by the government on the implementation of the CRA, such as guidance from the Department of Business, Energy and Industrial Strategy in September 2015 (p.40): https://www.businesscompanion.info/sites/default/files/CRA-Goods-Guidance-for-Business-Sep-2015.pdf

disputed that the defect was small. I think, on the balance of probabilities, that it's most likely the watch always had a small cosmetic defect which Mr T noticed later. I've thought about Mr T's other scenarios – that of O's dishonest concealment of a defect causing it to manifest later, or negligence when the watch was open for servicing or inspection – but these appear to be more convoluted and less supported by the available evidence. I also do not think that further reports, as Mr T has indicated he would be willing to obtain, are likely to be of much use given the watch has been sold and is no longer available for inspection by an expert.

But it doesn't matter if Mr T only noticed the cosmetic defect later, *if* the defect means the watch would not have been satisfactory quality as delivered. In my provisional decision I considered what satisfactory quality would mean for this particular item because, as the CRA says, satisfactory quality means the standard a reasonable person would consider satisfactory, taking into account any description of the goods, the price and all the other relevant circumstances. Mr T has rightly pointed out that the CRA gives examples of aspects of the quality of goods. This is what the relevant section of the CRA says in full:

"9. (3) The quality of goods includes their state and condition; and the following aspects (among others) are in appropriate cases aspects of the quality of goods—

(a) fitness for all the purposes for which goods of that kind are usually supplied;

(b) appearance and finish;

(c) freedom from minor defects;

(d) safety;

(e) durability."

Notably, the CRA says that these are aspects of the quality of goods "in appropriate cases", so it may not be reasonable to expect well-used second hands goods, for example, to be entirely free from minor defects. Unless of course, they are described as such, which underlines the point that determining whether goods are satisfactory quality or not, is very dependent on the relevant circumstances, and this is something which I think the CRA recognises.

I think the fact that the watch in this case was about 35 years old and was previously owned by another person or persons, is relevant when considering what standard of quality would be considered satisfactory. Clearly, O's description of the watch was also relevant. O described the watch as being in "excellent" condition, but I note it did not describe the watch as being in "perfect" or "as new" condition, and I think a reasonable person would likely consider that the description would be relative to the age of the watch. The price of the watch could also be relevant: if it was particularly high or particularly low for this model of watch of this vintage, then I think this would lead a reasonable person to have a higher or lower expectation of quality respectively. But it's not known if this was a particularly high or low price for this particular model of watch, purchased from a watch dealer – no quantitative evidence has been put forward on this point.[2]

The nature of the item, and its prestigious manufacturer, would lead to somewhat raised expectations of quality in general, but I think the very considerable age of the item would

[2] I acknowledge that the watch restorer purchased the watch from Mr T at a considerably lower price later on, but I don't think this is evidence of its actual market value being much lower than Mr T originally paid for it (because of the defect, for example). This is because traders in second hand goods will generally purchase goods for significantly less than they would sell them for, in order to make a profit.

temper a reasonable person's expectations in this regard. And bearing all of the above in mind, I've arrived at the conclusion that a small cosmetic defect on the dial of this 35 year old watch described as being in excellent condition, was not sufficient to mean it was not satisfactory quality when delivered to Mr T, and there was therefore no breach of the relevant implied term by O, which Mr T could pursue against Lloyds under section 75 of the CCA.

Because of this, I don't need to subject parts of Mr T's submissions, such as those relating to the reverse burden of proof, to further consideration. However, I do need to consider carefully the points he's made about the warranty, as a failure by O to honour the warranty would be a breach of contract.

As I said in my provisional decision, a warranty can potentially give someone additional rights on top of what they might be entitled to under, for example, the CRA. O's warranty was described as a "12 month mechanical warranty", and its specific wording was as follows at the time Mr T made his purchase (emphasis in original):

"We provide a mechanical warranty for a period of 12 months from the date of delivery in accordance with the following Warranty terms and conditions.

a. Our warranty does not cover theft or loss of the watch.

b. Our warranty does not cover normal wear-and-tear or damage caused to the watch by accidents or mishandling/mistreatment. We will endeavour to repair the damage caused but this will be at your cost.

c. ***We do not provide a waterproof guarantee. The watches will withstand splashes of water but we recommend no contact with water especially fully submerged for example whilst swimming or in the shower.*** *Therefore our warranty does not cover damage caused to a watch due to water. We will endeavour to repair the damage caused but this will be at your cost.*

As a consumer, the warranty we provide is in addition to your legal rights in relation to Goods that are faulty or not as described. Advice about your legal rights is available from the local Citizens' Advice Consumer Service (website www.adviceguide.org.uk or call on 03454 040506)."

The terms and conditions of sale didn't outline any particular procedure to be undertaken to claim on the warranty.

In my provisional decision, I said the following about the meaning of "mechanical" in relation to the warranty:

"I think in the context of a watch, mechanical would most sensibly be taken to mean the mechanisms or moving parts involved in making the watch function. I don't think it would extend to cosmetic defects except where these were caused by the failure of a mechanism or moving part…"

I've thought carefully on Mr T's submissions on this point, but I'm afraid I quite simply disagree with him that the word "mechanical" could reasonably be stretched to encompass a cosmetic defect on the dial of the watch (except where the failure of a mechanism or moving part had caused it). Mr T has sought to argue that a mechanical warranty should include anything which is caused by a mechanical *process* such as a change in temperature or pressure, rather than relating to moving parts. But I don't think that's a reasonable interpretation, or one that a reasonable person would think of when considering the meaning

of “mechanical” in relation to a watch.

Mr T has also made the point that where something in a contract is ambiguous, the meaning which favours the consumer should be used. This principle is set out in section 69 of the CRA, and is worded as follows:

“69 Contract terms that may have different meanings

(1) If a term in a consumer contract, or a consumer notice, could have different meanings, the meaning that is most favourable to the consumer is to prevail.”

The problem is that I don’t think there is a reasonable alternative definition of “mechanical warranty” that would have assisted Mr T here. If I thought there had been, I would have deployed it to his advantage as per the relevant section of the CRA.

Mr T has also suggested that the fact O had listed exclusions in the warranty meant that everything else must be covered by it. I think that’s potentially a reasonable suggestion, but the problem would still need to be “mechanical” which, for the reasons explained above, I don’t think it was in this case. And I note the cosmetic defect could potentially have fallen into the excluded categories in any event. The watch restorer’s opinion was that moisture had caused the defect, and if that was the case then the exclusion for water damage may have applied. It’s also possible that, given the age of the watch, a cosmetic defect could have fallen into the “normal wear and tear” exclusion.

Mr T has been quite focused on O’s apparent refusal to inspect the watch. I’m not aware of any requirement, either under the CRA or under O’s warranty, for O to have inspected the watch. I think it would have been better service if O had agreed to do this, but ultimately I don’t find that it was in breach of contract for failing to do so, or that this has an impact on whether or not Lloyds dealt with the section 75 claim in a way which was fair and reasonable.

Other concerns about O’s conduct

Mr T has referred in his submissions to other wrongs he alleges O has committed which don’t fall into the scope of a claim in respect of breach of contract. These include what could perhaps be described as poor customer service and an indignant and dismissive attitude towards Mr T’s concerns. I don’t think these things are relevant to the section 75 claim against Lloyds, but I nonetheless acknowledge Mr T’s strength of feeling about how he was treated by O.

Conclusions regarding the section 75 claim outcome

My conclusions remain as they were in my provisional decision. I do not think there is sufficient evidence that Mr T had a valid claim against O which he could also bring against Lloyds under section 75 of the CCA.

It follows that I think Lloyds’s revised claim decision – to decline the claim – was neither unfair nor unreasonable. It agreed to reinstate its offer of £1,500 and to remove any conditions attached to it after Mr T complained. This was more than I think Mr T was likely to be entitled to, and so it’s difficult to conclude that reinstating the offer was anything other than fair.

Level of service provided by Lloyds

In my provisional decision I had the following to say about the service provided by Lloyds in

general in relation to its claims handling:

"…Mr T's claim had a protracted history with the bank. There was a considerable amount of communication, back and forth, by email and by phone call. It's often the case that, where a large amount of communication is considered, one identifies things that could have been done better. That doesn't necessarily mean that the level of service as a whole fell below an acceptable standard, or that compensation ought to be paid for how a person felt during that process.

The claim did take some months to conclude, which appears to have been in some part due to difficulties in obtaining a report from a suitable third party into the condition of the watch. I don't think there were significant delays on Lloyds's part, although I can see there were some occasions where Mr T had been chasing updates in November and December 2022, but didn't receive a response. There was also more than one occasion where Mr T had sent in emails and relevant staff appeared to be unaware of the content of these emails when contacting him.

I think it was also unfortunate that Lloyds made an offer on the claim before having properly considered it, which resulted in it deciding to retract the offer not long after. This understandably caused considerable frustration and annoyance to Mr T."

Having considered the history of the claim again, this remains a fair reflection of my views on how the bank handled the claim. There were some problems, here and there, but they were not, in my view, very significant. This was a challenging claim involving a high value item, so I think it was right that the bank sought evidence that would allow it to determine whether or not it might be liable to settle Mr T's claim. This is a normal part of investigating such claims, which can take some time, and I don't think the way the bank investigated was in general unusual, or wrong. It mainly appeared to me to be in line with how card issuers would normally deal with such claims, and I did not detect anything disingenuous about how Lloyds went about handling things.

Lloyds was not Mr T's advocate – he was making a claim against it – and it was Mr T's responsibility to provide evidence to show his claim was valid. It's not unusual for a financial business to reimburse, or agree to reimburse, expenses incurred by their customers in having to evidence a claim, regardless of the ultimate outcome. This is what Lloyds did by paying for Mr T's taxi fares and the cost of the watch restorer's report, although it was under no obligation to do so.[3] I don't see, as Mr T has suggested, any acceptance of liability on the bank's part in agreeing to reimburse these expenses. I accept there was some inconvenience to Mr T, but I think this was a result of him needing to evidence his claim, rather than because of something Lloyds did wrong.

Lloyds appears to have made a commercial decision, when confronted by Mr T's complaint about its change of mind on his section 75 claim, to reinstate the offer it had previously made (but which had not been accepted). It also agreed to remove conditions from the offer, during the phone call with PH which I will come onto now.

Regarding the call with PH, Mr T has gone into detail about why he thinks what happened on this call was wrong. He's referred to the law surrounding undue influence as well as the concept of unconscionability in Australian law. He's referred additionally to breaches of PRIN, CONC and the CPUT Regulations.

It appears to me, based on what Mr T has said, that he thinks PH's position on his claim was

[3] It would generally be expected however, that a financial business would cover a complainant's reasonable expenses in the event of a successful claim.

wrong, so the offer she made on the bank's behalf was also wrong, and that because she was apparently rushing due to the bank having failed to deal with the complaint in a timely manner, she put improper pressure on him through a combination of emails (requesting information he'd already provided) and a phone call. And because PH was wrong, she wrongly told him he didn't have a valid claim and improperly pressured him into accepting a low settlement offer.

I'm afraid that I simply don't agree with what Mr T has said about this call. Much of what Mr T has said the bank did wrong here, is premised on PH having incorrectly stated that Lloyds was not liable to him under section 75, because O had not breached its contract with him or misrepresented something. My starting point is that, for the reasons I've already explained in this decision, Lloyds had not been wrong to have reached those conclusions, and so it follows that PH, in telling Mr T these things, was not wrong to do so. There was nothing improper, in my view, about what PH said to Mr T about the claim. I also did not get the impression from the transcript, that PH was trying to hurry or pressure Mr T into making a decision.

Ultimately, I remain of the view I expressed in my provisional decision, which is that the £100 compensation recommended by our investigator in respect of Lloyds's customer service failings, was fair bearing in mind the limited nature of these failings, and (taking a holistic view of the complaint) the fact Mr T had received payments I thought the bank could fairly and reasonably have not paid him, i.e. the £1,500 and the reimbursement of some of his expenses.

My final decision

For the reasons explained above, and in my appended provisional decision, I uphold Mr T's complaint in part and direct Lloyds Bank PLC to pay him £100 compensation in respect of its customer service failings.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 3 December 2024.

Will Culley
Ombudsman

COPY OF PROVISIONAL DECISION

I've considered the relevant information about this complaint.

Having done so, I've arrived at a different set of conclusions to our investigator, so I need to give the parties to the complaint an opportunity to provide further submissions before I make my decision final.

I'll look at any more comments and evidence that I get before 11 September 2024. But unless the information changes my mind, my final decision is likely to be along the following lines.

The complaint

Mr T complains that Lloyds Bank PLC ("Lloyds") failed to deal with a claim he brought under section 75 of the Consumer Credit Act 1974 ("CCA") in a fair way.

What happened

The parties are by now well familiar with the background to the case, so I do not intend to go into the finer detail except where necessary. Our file on this case has, at the time of writing, reached over 1,200 pages in length, so I have had to sacrifice some detail bearing in mind the informal nature of the Financial Ombudsman Service, and for the sake of ease of reading. However, I have read and considered all the information provided by the parties to the complaint.

Mr T used his Lloyds credit card in November 2021 to purchase a vintage watch made by a prestigious manufacturer, for a price of £6,250. The watch was a 1986 model which Mr T had chosen specially. It was bought from an online watch dealer I'll call "O".

Some months later, in May 2022, Mr T emailed O to report that he'd noticed some damage to the watch dial, between the one and nine minute markers. He said that in his opinion, this must be a manifestation of an underlying defect. He said that he had not worn the watch while swimming or bathing, and had avoided getting water on it or dropping it. He said he wanted O to repair or replace the watch, or provide a refund, and that he would be happy to return the watch for inspection.

O said that it would not be able to offer a refund. It said Mr T had contacted it after receiving the watch to say how happy he was with it and that it had multiple images proving the watch was undamaged at the point of sale. It said that there was no case for Mr T to return the watch after six months in his possession, unless it had turned out to be a fake.

Mr T argued in response that the Consumer Rights Act 2015 ("CRA") covered latent defects and that it hadn't yet been six months since the sale of the watch. He expressed surprise that O appeared to be refusing to inspect the watch, especially as it came with a 12 month warranty. O responded that its warranty was a mechanical warranty only, and that it also guaranteed the watch was authentic, but that Mr T's reasons for a return didn't fall into these categories.

No agreement could be reached between Mr T and O, and so Mr T contacted Lloyds the same month for assistance. Lloyds initially considered whether it could attempt a "chargeback" against the transaction, but decided that too much time had passed from the time of sale for it to do this. It passed the matter to its team which dealt with claims under

section 75 of the CCA.

The case had a protracted claims history at the bank, and there was considerable back and forth between Mr T and Lloyds over the claim. The bank reimbursed, or offered to reimburse, various costs to Mr T, such as his taxis to and from central London to have the watch inspected by a restorer approved by the manufacturer, and the cost of having the watch inspected. After reviewing the report from the watch restorer, Lloyds decided to offer £1,500 to settle the claim, on receipt of an invoice for its repair. This was the cost, minus VAT, of replacing the watch dial with a new one.

Mr T considered the offer but thought it wasn't the right offer in the circumstances. He pointed out that this was a vintage watch and unique item, and that replacing the vintage dial with a new one meant it would cease to be the item he'd purchased. He added that he no longer felt an emotional connection with the watch, and suggested that he sell it for what it was worth (with the defect), and the bank reimburse him the difference.

During this process, the bank changed its position on the claim. It thought it had made the wrong decision to offer Mr T the £1,500, because, on reflection, it didn't consider he had a valid claim for breach of contract or misrepresentation against O. This prompted a complaint from Mr T. After some conversations between Lloyds' section 75 and complaints teams, the bank decided to let the offer stand. There was further communication between Lloyds and Mr T, in which Mr T considered he'd been unfairly pressured into accepting the £1,500 and felt a member of Lloyds staff had exercised undue influence on him on a phone call.

I understand the amount of £1,500 was subsequently paid to Mr T. Lloyds sent Mr T a letter on 20 December 2022 outlining its position and notifying Mr T that he could now bring his complaint to the Financial Ombudsman Service.

Mr T then referred his complaint to this service. One of our investigators began looking into the matter. Over the course of the complaint, it was decided that we would consider both Mr T's concerns over how his section 75 claim was handled (including the phone call in which he said he'd been subjected to pressure and undue influence), and over the outcome of the claim, under the same reference. Mr T had some additional concerns about the bank, related to Data Subject Access Requests, which were not dealt with as part of this complaint and are being looked into separately.

Our investigator initially formed a view that Mr T should receive a full refund (taking into account the £1,500 already received) for the watch. He was then made aware by Mr T that the watch had been sold to the restorer who had reported on its condition for a sum of £3,100, for reasons of financial necessity.

Our investigator revised his recommendations following this, saying Lloyds should pay the difference between the purchase price of the watch and the combined amounts Mr T received for selling the watch and the £1,500 already paid by Lloyds. This difference came to £1,650. Our investigator considered 8% simple interest per year should be added to this amount, dated from 15 November 2022, and also to the £1,500, dated from 15 November 2022 to 20 December 2022 (which was when it had been paid to Mr T).

Mr T responded and observed that compensatory interest should also be added to the amount of £3,100. Mr T noted that compensatory interest should be paid from 22 November 2022 to 30 January 2024.[4] He added the following comment:

"Provided that an amended settlement quantum taking account of the interest owed on the

[4] This appears to have been a typo, and our investigator understood Mr T to have meant 2023.

£3100 realised, and assuming [Lloyds] do not seek further information or offer counterpoints, I have no further commentary to offer on this complaint."

Our investigator thought Mr T's request was reasonable and relayed his views on it to the bank. Lloyds subsequently agreed to settle the complaint by:

- Paying Mr T £1,650 with compensatory interest calculated from 15 November 2022 to the date of the settlement.

- Paying Mr T compensatory interest calculated on the amount of £3,100 from 15 November 2022 to 30 January 2023.

- Paying Mr T compensatory interest calculated on the amount of £1,500 from 15 November 2022 to 20 December 2022.

As this was in line with what Mr T had requested, our investigator assumed that the matter was settled and wrote to both parties to confirm this. However, it then came to light that Mr T had not been content to settle the complaint. He said that by saying he had no further comment to offer, he was not indicating that he would settle on specific terms.

Our investigator reviewed the case again, this time adding the complaints Mr T had raised about the bank's customer service and claims handling. His views on the outcome of the section 75 claim were unchanged, however he thought Lloyds should pay Mr T a further £100 in respect of customer service failings. In particular, he considered there had been times when Mr T's questions hadn't been fully answered.

Lloyds accepted our investigator's revised assessment. Mr T did not, and further said he would not accept any decision from our investigator. He questioned how the amount of £100 had been calculated. He said he could not tell how the specific phone call he'd had with Lloyds' case handler had been taken into account by our investigator, or whether the impact on his health had been considered. Our investigator wrote back to say that he had considered the facts of the case as a whole when arriving at a figure of £100, and there was no specific formula. He said that he had considered the phone call Mr T had referenced, and had thought the offer the bank had relayed on this call wasn't fair, which was reflected in his assessment that it should pay him more money. Our investigator said he had thought about Mr T's health when investigating the complaint, but hadn't referenced it specifically.

Mr T then provided further submissions, which our investigator considered. He wrote to Mr T on 20 June 2024. I could summarise his final set of findings as follows:

- He remained of the view that his previous assessments regarding the outcome of the section 75 claim were correct – in that Mr T should receive back the full value of the watch (taking into account sums already paid by Lloyds and the amount he had realised on selling it), plus compensatory interest.

- He also remained of the view that the £100 compensation in respect of the bank's poor service, was reasonable. The payment wasn't intended as a punishment for Lloyds, as that wasn't the purpose of the Financial Ombudsman Service.

Mr T responded disagreeing with this assessment. He didn't comment on the matter of the section 75 claim outcome, but said that he considered the investigator's assessment of £100 compensation was arbitrary and he was just seeking to justify a position he'd previously arrived at.

Because no agreement could be reached, the case has now been passed to me to decide.

What I've provisionally decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I've decided to split my decision into separate sections, dealing firstly with the matter of the section 75 claim, and secondly with the manner in which the claim was handled and the phone call Mr T specifically complains of.

The section 75 claim

I am not sure what Mr T disagrees with about our investigator's final position on the matter of the outcome of the claim itself. As far as I can tell, this final position was in accordance with the redress Mr T had told our investigator he was seeking. Mr T hasn't elaborated on why he disagrees with our investigator's position, or on why he didn't want to settle the complaint on that basis. Having fully reviewed the available evidence myself, I've reached a different set of conclusions to our investigator. I think Lloyds got things right the second time by *declining* Mr T's claim, and I'll explain why.

Section 75 of the CCA allows consumers a degree of protection when they pay for goods or services using a credit card. So long as certain technical conditions are met, section 75 enables them to claim against their credit card issuer in respect of any breach of contract of misrepresentation by the supplier of the goods or services.

I think it's worth me mentioning here that a section 75 claim would ordinarily be decided by a court. What I am deciding is a *complaint* about how Lloyds handled a claim, and whether their handling (including the outcome they reached) appears to be fair and reasonable in all the circumstances. This has naturally meant that I have needed to consider what decision a court may have made, were such a claim presented to it, when deciding what's fair and reasonable.

It's not been said that the technical conditions[5] for a section 75 claim to be made have not been met, so I don't intend to address this point in detail. I'll say only that, having considered the evidence, I conclude the relevant conditions have been met.

It's also not been seriously alleged that the watch was misrepresented, so I have focused on the question of breach of contract in my decision. A breach of contract occurs when one party to the contract fails to honour its contractual obligations to the other. These obligations may come about as a result of the express terms of the contract, or they may be implied into the contract, for example due to the operation of legislation.

Mr T was a consumer purchasing a watch, which means the Consumer Rights Act 2015 is relevant and caused certain terms to be implied in his contract. These terms include that the watch would be "satisfactory quality". What is meant by satisfactory quality is the standard a reasonable person would consider satisfactory, taking into account any description of the goods, the price and "all the other relevant circumstances". In the case of second hand goods, the age of the goods would be a relevant consideration. More wear and tear would be expected the older goods are, although I think this expectation would be tempered somewhat with an item like a luxury watch, which may not be worn especially regularly.

If the watch was not satisfactory quality, then O would be in breach of contract, and Mr T would be able to bring that claim for breach of contract against Lloyds by virtue of section 75

[5] Broadly, relating to the value of the item purchased, and whether or not the borrower has a claim against the same company which received the credit card payment.

of the CCA.

I think the first question to answer is whether or not the watch had a defect of some kind, before going on to consider whether the watch was satisfactory quality. We have two main pieces of evidence on this point:

- Mr T's emails with O between five and six months after purchasing, in which he describes noticing damage to the watch dial between the one and nine minute markers, and offers his opinion that this must be due to an underlying defect.

- A report from a manufacturer-approved watch restorer, which says the following:

"The defect on the dial between 1 and 3 you possibly did not notice when purchasing. Bubbling effect in dial is fragile. The cause of this would be due to moisture. All the parts are genuine [manufacturer] parts, and the watch has passed waterproof testing. The options to resolve this are to replace the dial with a new one, blue or brown which would be £1,500 + VAT. We can confirm that the watch does not require a service. Regarding the moisture, we cannot confirm how the moisture got into the watch. In our opinion, the water damage happened before you purchased the watch because there is no sign of rust in the movement."

I think this is sufficient evidence that there was some form of visual defect in the upper right quadrant of the watch dial, at the point the watch restorer examined the watch (around September 2022). On balance, I think it's likely this defect was also present in May 2022 when Mr T reported it to O.

The size of the defect is unclear from this evidence. No photos of the watch have been submitted for me to consider. I'm also unclear on the conclusions drawn by the watch restorer. It seemed to me that the restorer's conclusion was that a cosmetic defect was present, but that Mr T hadn't noticed it when he'd bought the watch. But, read another way, the restorer could have been concluding that pre-existing moisture ingress had caused a defect to manifest visually at a later date. I also didn't think the restorer's finding that there was no rust in the movement supported its conclusion that any moisture ingress was historic.[6] I directed that enquiries be made of the restorer to clarify the meaning of its report, but it failed to respond to these enquiries.

I also asked that further enquiries be made of O, which (perhaps unsurprisingly given its correspondence with Mr T) denied all allegations of having sold the watch with any damage to the dial. It suggested that Mr T was complaining about a small sign or mark of ageing to the watch, and directed us to photos from its original sale listing online. It said that the watch was 35 years old, and Mr T had emailed shortly after purchase to say he was happy with it.

Having reviewed the photos from the original listing, I can see what appear to be specks of dust on the watch face, and some other visual artefacts which could be marks of some kind, but I don't think there is very much I can draw from the pre-sale photos.

The evidence in this case is rather unclear, but it is necessary for me to come to a view on the balance of probabilities, and I think the most likely scenarios are as follows:

- There was a cosmetic defect on the watch dial at the time of purchase, which Mr T didn't notice until five to six months later; or

[6] I would have thought the logical conclusion to draw from this finding was that any moisture ingress had been recent, as rusting is a process that occurs over a period of time.

- Moisture infiltrated the watch at an unknown point in time, causing a cosmetic defect to appear around five to six months after Mr T purchased the watch.

In relation to the first scenario, I think the simple answer must be that a cosmetic defect which is small enough, on a 35 year old watch, not to be noticed by the buyer for several months, is not sufficient to conclude the watch was not satisfactory quality as sold, unless it was described as being in perfect or as-new condition (which I've no evidence that it was).

In relation to the second scenario, while I appreciate the watch restorer's opinion was that any moisture ingress was historic, I think their findings suggest any moisture infiltration was more likely to have been recent. I don't suggest that Mr T mistreated the watch in any way, and indeed he says he was very careful with it. However, there is sufficient doubt in my mind that any moisture ingress which caused a cosmetic defect to develop five to six months later, happened prior to his ownership. I don't think I can reasonably conclude that the watch had pre-existing moisture damage when Mr T bought it.

Ultimately, I don't think there are grounds for me to conclude that the watch Mr T bought from O was not satisfactory quality, taking into account all of the relevant circumstances.

That isn't necessarily the end of the matter though, as the express terms of Mr T's contract of sale with O may have given him better or additional rights to those he has under the CRA.

I've considered O's terms of sale, so far as they are relevant to the condition of the watch. The terms note that no watches sold by O come with a manufacturer warranty due to their age, but that O would provide its own "mechanical warranty" for a period of 12 months from the date of delivery. This warranty came with certain limitations. It didn't cover loss or theft of the watch, or wear-and-tear or damage caused by accidents or mishandling. It also didn't cover damage caused by water.

Mr T has made the point that "mechanical" is not defined in the warranty. This is correct, and I think in the context of a watch, mechanical would most sensibly be taken to mean the mechanisms or moving parts involved in making the watch function. I don't think it would extend to cosmetic defects except where these were caused by the failure of a mechanism or moving part (and there's no evidence to suggest this was the case here). In light of this, I don't think Mr T had a valid claim under O's warranty.

So where does this leave things in terms of Mr T's section 75 claim against Lloyds? To recap, Lloyds initially offered to cover the cost of repairs up to £1,500 to settle his claim, which he did not accept. Lloyds later thought it had made a mistake by making an offer, but nonetheless agreed to pay the £1,500 after Mr T complained. Given the conclusions I reached above, I think had Lloyds rejected the section 75 claim then this would have been a fair and reasonable decision for it to have made. It follows that I also consider it fair and reasonable for it to have paid Mr T £1,500. I note Lloyds also paid or offered to pay various costs, such as taxis and the cost of an expert report, which I wouldn't have considered they were obliged to cover unless Mr T's claim had been successful.

Claims handling and customer service

As I mentioned earlier in this decision, Mr T's claim had a protracted history with the bank. There was a considerable amount of communication, back and forth, by email and by phone call. It's often the case that, where a large amount of communication is considered, one identifies things that could have been done better. That doesn't necessarily mean that the level of service as a whole fell below an acceptable standard, or that compensation ought to be paid for how a person felt during that process.

The claim did take some months to conclude, which appears to have been in some part due to difficulties in obtaining a report from a suitable third party into the condition of the watch. I don't think there were significant delays on Lloyds's part, although I can see there were some occasions where Mr T had been chasing updates in November and December 2022, but didn't receive a response. There was also more than one occasion where Mr T had sent in emails and relevant staff appeared to be unaware of the content of these emails when contacting him.

I think it was also unfortunate that Lloyds made an offer on the claim before having properly considered it, which resulted in it deciding to retract the offer not long after. This understandably caused considerable frustration and annoyance to Mr T.

Mr T has focused on a particular phone call he had with the bank, in which he says he was put under pressure to accept a settlement and was subjected to undue influence. I've read the transcript of the phone call, which was with a complaint handler I'll call "P". This was an outbound call to Mr T, and P initially explained that a mistake had been made by the section 75 team in offering to pay for the watch to be repaired, but that the offer wouldn't be withdrawn. P added that there hadn't been a breach of contract or misrepresentation by O. Mr T then proposed that instead of getting the watch repaired, the bank just pay him the £1,500 and he would sell the watch. P initially said that Mr T would need to provide the bank with an invoice and they would cover the cost of repairs, but after Mr T made some further points about the watch not being repairable, P agreed the bank would pay Mr T the £1,500 with no conditions attached.

Mr T then asked if Lloyds would make any additional payments, such as interest or a goodwill gesture, and P said no, it was a full and final offer. Mr T then talked about taking Lloyds to court and explained that – in essence – he was not getting his losses covered in full and he wanted the bank to "do a little bit better than 1,500". P responded that the bank wouldn't do that because the only reason it was offering £1,500 was because it had offered this amount by mistake previously, and it was a goodwill gesture. Mr T then asked if Lloyds thought O had been in breach of the CRA or the law by declining to inspect the watch, and P said no. Mr T described the bank's point of view as "interesting" but said that if it was prepared to pay him £1,500 if he didn't get the watch repaired, then he would sell the watch and absorb any loss.

There was then some discussion of where the amount of £1,500 should be paid to, and the call ended with an agreement that P would arrange for the money to be paid into Mr T's bank account.

While I understand that Mr T may have felt, in hindsight, that he was rushed into making a decision to accept the £1,500, I wouldn't describe the phone call as having been intended to put pressure on him or exert undue influence. The bank was, for reasons I've already outlined, not wrong to have decided that it didn't owe Mr T the £1,500 it had previously offered. In the call it said it was prepared to offer him this anyway, if he provided an invoice for repairs to the watch. Mr T then persuaded the bank to improve its offer by removing the condition that he repaired the watch. The impression I got of the call was that it was a negotiation in which Mr T took the lead, and I don't find there was pressure from Lloyds on this call to accept a specific offer.

I think it's important to look at things in the round when considering whether, and how much, compensation is due in respect of poor customer service and claims handling. Our investigator recommended £100 compensation as he felt this was a fair and reasonable amount. When looking at the service as a whole myself, I'd highlight the following points which I consider important:

- Lloyds was not responsible for *significant* delays in determining the section 75 claim.
- There were occasions where Mr T had to chase the bank for a response to his emails.
- Bank staff Mr T interacted with, who might have been expected to have been aware of emails he'd sent, sometimes didn't appear to have knowledge of the content of these emails.
- There was no inappropriate pressure from the bank's side on the phone call Mr T has complained of.
- The bank has already paid £1,500 to Mr T, with no conditions attached, as a goodwill gesture.
- The bank has covered costs incurred by Mr T which I wouldn't necessarily have expected it to.

Thinking about these points, I don't think it would be fair and reasonable to require Lloyds to pay any more compensation than our investigator recommended. So, I'm minded to decide that the bank should pay Mr T £100 compensation in respect of its customer service failings.

My provisional decision

For the reasons explained above, I'm currently minded to decide that Mr T's complaint should be upheld in part and Lloyds Bank PLC should pay him £100 compensation in respect of its customer service failings.

I am minded to decide that no further payment should be made in respect of the section 75 claim, as Lloyds Bank PLC's ultimate decision to decline the claim, was not unfair or unreasonable.

I now invite the parties to the complaint to let me have any further submissions they would like me to consider, before 11 September 2024. I will then review the case again.

Will Culley
Ombudsman